

## Part III

### Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters.  
(Also Part I, Section 832, 846; 1.832-4, 1.846-1.)

Rev. Proc. 2008-11

#### SECTION 1. PURPOSE

This revenue procedure prescribes the salvage discount factors for 2007. These factors must be used to compute discounted estimated salvage recoverable under § 832 of the Internal Revenue Code.

#### SEC. 2. BACKGROUND

Section 832(b)(5)(A) requires that all estimated salvage recoverable (including that which cannot be treated as an asset for state accounting purposes) be taken into account in computing the deduction for losses incurred. Under § 832(b)(5)(A), paid losses are reduced by salvage and reinsurance recovered during the taxable year. This amount is adjusted to reflect changes in discounted unpaid losses on nonlife insurance contracts and in unpaid losses on life insurance contracts. An adjustment is then made to reflect any changes in discounted estimated salvage recoverable and in reinsurance recoverable.

Pursuant to § 832(b), the amount of estimated salvage is determined on a discounted basis in accordance with procedures established by the Secretary.

### SEC. 3. SCOPE

This revenue procedure applies to any taxpayer that is required to discount estimated salvage recoverable under § 832.

### SEC. 4. APPLICATION

.01 The following tables present separately for each line of business the discount factors under § 832 for 2007. All the discount factors presented in this section were determined using the applicable interest rate under § 846(c) for 2007, which is 3.97 percent, and by assuming all estimated salvage is recovered in the middle of the calendar year

.02 Section V of Notice 88-100, 1988-2 C.B. 439, sets forth a composite method for computing discounted unpaid losses for accident years that are not separately reported on the annual statement. Rev. Proc. 2002-74, section 3.03, 2002-2 C.B. 980, provides that an insurance company that elects to use the composite method of Notice 88-100 must use the same method to compute discounted estimated salvage recoverable. Accordingly, the tables separately provide discount factors for taxpayers who elect to use the composite method of section V of Notice 88-100.

.02 These tables must be used by taxpayers irrespective of whether they elected to discount unpaid losses using their own experience under § 846(e).

.03 Tables.

### **Accident and Health (Other Than Disability Income or Credit Disability Insurance)**

Taxpayers that do not use the composite method of Notice 88-100 should use 98.0722 percent to discount salvage recoverable with respect to losses incurred in this line of business in the 2007 accident year as of the end of the 2007 and later taxable years.

Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount all salvage recoverable in this line of business as of the end of the 2007 taxable year.

**Auto Physical Damage**

Tax Year	Discount Factors (%)
2007	97.2919
2008	96.1998

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2009 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount salvage recoverable as of the end of the 2009 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Commercial Auto/Truck Liability/Medical**

Tax Year	Discount Factors (%)
2007	92.5072
2008	92.4531
2009	92.7905
2010	93.1328
2011	93.8564
2012	93.6497
2013	92.1165
2014	93.0132
2015	96.3177
2016	98.0722

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Composite**

Tax Year	Discount Factors (%)
2007	92.5224
2008	92.2753
2009	92.1017
2010	91.9308
2011	91.3215
2012	90.4149
2013	91.2470
2014	92.5673
2015	94.5527
2016	96.3399

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 95.5806 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Fidelity/Surety**

Tax Year	Discount Factors (%)
2007	93.8272
2008	96.1998

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2009 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount salvage recoverable as of the end of the 2009 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Financial Guaranty/Mortgage Guaranty**

Tax Year	Discount Factors (%)
2007	94.8523
2008	96.1998

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2009 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount salvage recoverable as of the end of the 2009 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**International (Composite)**

Tax Year	Discount Factors (%)
2007	92.5224
2008	92.2753
2009	92.1017
2010	91.9308
2011	91.3215
2012	90.4149
2013	91.2470
2014	92.5673
2015	94.5527
2016	96.3399

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 95.5806 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.



**Medical Malpractice -- Claims-Made**

Tax Year	Discount Factors (%)
2007	92.8129
2008	93.8690
2009	92.3083
2010	92.9226
2011	92.2409
2012	87.9349
2013	84.6380
2014	90.4891
2015	96.5200
2016	98.0722

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Medical Malpractice -- Occurrence**

Tax Year	Discount Factors (%)
2007	85.8039
2008	90.1315
2009	92.4448
2010	84.5882
2011	94.8975
2012	91.5995
2013	93.1599
2014	95.9622
2015	97.1608
2016	98.0722

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Miscellaneous Casualty**

Tax Year	Discount Factors (%)
2007	96.6559
2008	96.1998

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2009 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount salvage recoverable as of the end of the 2009 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Multiple Peril Lines (Homeowners/Farmowners, Commercial Multiple Peril, and Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery))**

Tax Year	Discount Factors (%)
2007	93.1480
2008	92.5520
2009	92.4746
2010	92.4125
2011	91.6181
2012	90.0772
2013	91.2078
2014	93.5843
2015	94.9567
2016	96.6862

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0719 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Other (Including Credit)**

Tax Year	Discount Factors (%)
2007	95.7364
2008	96.1998

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2009 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount salvage recoverable as of the end of the 2009 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Other Liability -- Claims-Made**

Tax Year	Discount Factors (%)
2007	88.6489
2008	89.7449
2009	87.8992
2010	91.0630
2011	92.5154
2012	94.3565
2013	93.3084
2014	91.9440
2015	97.4177
2016	98.0722

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2019 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 96.8697 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Other Liability -- Occurrence**

Tax Year	Discount Factors (%)
2007	87.3760
2008	88.3943
2009	90.6775
2010	91.4222
2011	90.8722
2012	90.9863
2013	90.4663
2014	93.1478
2015	95.8515
2016	97.6241

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Private Passenger Auto Liability/Medical**

Tax Year	Discount Factors (%)
2007	94.6456
2008	94.6698
2009	94.4266
2010	93.5793
2011	93.0072
2012	92.2508
2013	93.1304
2014	94.6575
2015	94.7279
2016	96.4851

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0708 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.



**Products Liability -- Claims-Made**

Tax Year	Discount Factors (%)
2007	89.1458
2008	52.2690
2009	54.6584
2010	90.8903
2011	80.5163
2012	91.5977
2013	60.2981
2014	90.6932
2015	91.8054
2016	92.9177

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017	94.6739
2018	96.4396
2019 and later years	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 94.6739 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Products Liability -- Occurrence**

Tax Year	Discount Factors (%)
2007	87.8817
2008	89.9255
2009	91.7722
2010	92.5755
2011	93.0145
2012	90.6124
2013	91.2345
2014	94.1309
2015	94.3955
2016	96.2156

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 94.6056 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Reinsurance -- Nonproportional Assumed Property**

Tax Year	Discount Factors (%)
2007	91.2766
2008	92.8906
2009	95.7836
2010	80.5177
2011	90.0569
2012	81.8877
2013	52.3517
2014	92.9805
2015	73.8412
2016	88.3425

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017	90.0606
2018	91.8464
2019	93.7215
2020	95.7382
2021 and later years	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 90.0606 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Reinsurance -- Nonproportional Assumed Liability**

Tax Year	Discount Factors (%)
2007	87.0242
2008	90.2399
2009	91.6689
2010	88.8580
2011	90.8909
2012	91.7421
2013	91.6386
2014	93.3665
2015	95.2650
2016	96.9798

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 93.1607 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Reinsurance -- Nonproportional Assumed Financial Lines**

Tax Year	Discount Factors (%)
2007	87.4122
2008	86.1745
2009	90.1030
2010	78.9216
2011	90.4446
2012	80.6766
2013	90.6123
2014	91.0121
2015	97.5684
2016	98.0722

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

**Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)**

Tax Year	Discount Factors (%)
2007	94.9917
2008	96.1998

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2009 and later years	98.0722
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Taxpayers that use the composite method of Notice 88-100 should use 98.0722 percent to discount salvage recoverable as of the end of the 2009 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

## Workers' Compensation

Tax Year	Discount Factors (%)
2007	88.6073
2008	90.6085
2009	91.3932
2010	91.3110
2011	89.8407
2012	88.4546
2013	89.0394
2014	88.7616
2015	90.9000
2016	92.6321

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2007 accident year.

2017	94.4075
2018	96.2249
2019 and later years	98.0722

Taxpayers that use the composite method of Notice 88-100 should use 95.3569 percent to discount salvage recoverable as of the end of the 2017 taxable year with respect to losses incurred in this line of business in 2007 and prior years.

## DRAFTING INFORMATION

The principal author of this revenue procedure is Katherine A. Hossofsky of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure, contact Ms. Hossofsky at (202) 622-8435 (not a toll-free call).